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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

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AZ CORP COMMISSION
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MAR 13 2001

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF H2O, INC. FOR AN EXTENSION OF
ITS EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-02234A-00-0371

IN THE MATTER OF THE APPLICATION
OF JOHNSON UTILITIES, L.L.C., DBA
JOHNSON UTILITIES COMPANY FOR AN
EXTENSION FOR ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
PROVIDE WATER AND WASTEWATER
SERVICE TO THE PUBLIC IN THE
DESCRIBED AREA IN PINAL COUNTY,
ARIZONA.

DOCKET NO. WS-02987A-99-0583

IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES, L.L.C., DBA JOHNSON
UTILITIES COMPANY FOR AN EXTENSION
OF ITS CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WATER AND
WASTEWATER SERVICE TO THE PUBLIC IN
THE DESCRIBED AREA IN PINAL COUNTY,
ARIZONA.

DOCKET NO. WS-02987A-00-0618

IN THE MATTER OF THE APPLICATION OF
DIVERSIFIED WATER UTILITIES, INC. TO
EXTEND ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-02859A-00-0774

IN THE MATTER OF THE APPLICATION OF
QUEEN CREEK WATER COMPANY TO
EXTEND ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-01395A-00-0784

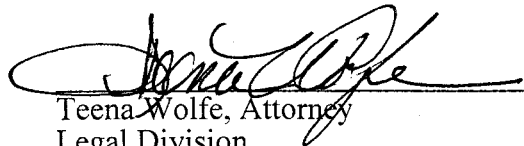
STAFF'S NOTICE OF FILING SUMMARY

Staff of the Arizona Corporation Commission hereby files the summary of Staff's
recommendations, in the above-referenced matters.

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1 RESPECTFULLY SUBMITTED this 13th day of March, 2001.

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3 
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11 The Original and fifteen copies of the foregoing
12 were filed this 13th day of March, 2001 with:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Copies of the foregoing were mailed/hand-
18 delivered this 13th day of March, 2001 to:

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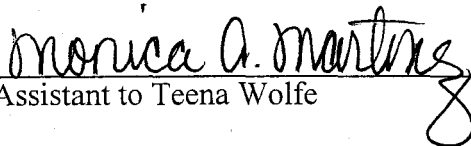
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RECOMMENDATIONS

H2O, Inc.

Staff recommends that the water CC&N of H2O, Inc. be conditionally extended to include Parcels 11, 14, 15, 16, 17, 18 and 22.

Staff further recommends that H2O, Inc. file in this docket, within two (2) years from the effective date of this Decision, a copy of the developers' Certificate of Assured Water Supply from ADWR.

Staff further recommends that H2O, Inc. file in this docket, within two (2) years from the effective date of this Decision, a copy of its Approval to Construct for the Combs School Line extension.

Staff further recommends that H2O, Inc. file in this docket, within two (2) years from the effective date of this Decision, a copy of its franchise from Pinal County for the extension areas.

Staff further recommends that within two years from the effective date of this Decision, H2O, Inc. file a CC&N review with the Commission containing the following information: a) number of customers being served in the extension areas, b) amount of plant facilities installed to serve extension areas, c) number of gallons sold in the extension areas, d) amount of revenue generated by the extension areas, e) master plan of extension areas showing all plant installed and f) customer locations and any other information Staff deems relevant. At the time of the CC&N review, Staff should have the discretion to perform a physical plant inspection. Should the Staff inspection indicate that no development has commenced at the two year review period or if the information as listed above has not been timely supplied, the conditional CC&N extension granted in this proceeding should become null and void without further order of the Commission, and future CC&N extensions into the areas deemed null and void would require a new CC&N extension filing. Staff should have 120 days from the two-year anniversary date of the Decision to file a report containing one of the following three recommendations:

1. Final approval of the CC&N for all areas requested in this proceeding;
2. Final approval of the CC&N for portions of areas requested in this proceeding with the cancellation of the remainder areas; or
3. Disapproval of the CC&N extension for all areas requested in this proceeding.

Staff further recommends that H2O, Inc. file in this docket to the Commission for the next two years, documentation from ADEQ indicating that it has been in full compliance with ADEQ for each year. This documentation must be submitted within 30 days of the anniversary date of this Decision each year.

Staff further recommends that the Commission's Decision regarding the extension be considered null and void without further order from the Commission should H2O, Inc., fail to meet the above conditions within the time specified.

Staff further recommends that H2O, Inc. be ordered to charge its existing rates and charges in the approved extension areas.

Johnson Utilities Company

Staff recommends that the wastewater CC&N of Johnson Utilities, Inc. be conditionally extended to include Parcels 2, 11, 14, 15, 16, 17, 18, 20 and 22.

Staff further recommends that the water and wastewater CC&N of Johnson Utilities, Inc. be conditionally extended to include Parcels 4, 9, 21 and 23.

Staff further recommends conditional approval of Johnson's request to provide wastewater service only to Parcels 19 and 20.

Staff further recommends denial of Johnson's request to serve Parcels 1, 7, 8, 10 and 13.

Staff further recommends denial of Johnson's request to de-certificate Parcels 14 and 20 from H2O.

Staff further recommends that Johnson Utilities, Inc. file in this docket, within two (2) years from the effective date of this Decision, a copy of its franchise from Pinal County for the extension areas.

Staff further recommends that Johnson Utilities, Inc. file in this docket copies of all Approvals to Construct and Approvals of Construction for development in each of its respective approved Parcels as listed in this Staff Report within two (2) years from the effective date of the Commission's decision in this matter.

Staff further recommends that within two years from the effective date of this Decision, Johnson Utilities, Inc. file a CC&N review with the Commission containing the following information: a) number of customers being served in the extension areas, b) amount of plant facilities installed to serve extension areas, c) number of gallons sold in the extension areas, d) amount of revenue generated by the extension areas, e) master plan of extension areas showing all plant installed and customer locations and f) any other information Staff deems relevant. At the time of the CC&N review, Staff should have the discretion to perform a physical plant inspection. Should the Staff inspection indicate that no development has commenced at the two year review period or if the information as listed above has not been timely supplied, the conditional CC&N extension granted in this proceeding should become null and void without further order of the Commission, and future CC&N extensions into the areas deemed null and void would require a new CC&N extension filing. Staff should have 120 days from the two-year anniversary date of the Decision to file a report containing one of the following three recommendations:

1. Final approval of the CC&N for all areas requested in this proceeding;
2. Final approval of the CC&N for portions of areas requested in this proceeding with the cancellation of the remainder areas; or
3. Disapproval of the CC&N extension for all areas requested in this proceeding.

Staff further recommends that Johnson Utilities, Inc. file in this docket to the Commission for the next two years, documentation from ADEQ indicating that it has been in full compliance with ADEQ for each year. This documentation must be submitted within 30 days of the anniversary date of this Decision each year.

Staff further recommends that Johnson file in this docket an amended Tariff Schedule, within 30 days from the effective date of the Commission's decision to the Compliance Section of the Utilities Division for approval, to include language for the wastewater rates and charges to state that these charges would become effective when wastewater first flows into the collection system, or simply, when wastewater is first produced.

Staff further recommends that the Commission's Decision regarding the extension be considered null and void without further order from the Commission should Johnson Utilities, Inc. fail to meet the above conditions within the time specified.

Staff further recommends that Johnson Utilities, Inc. be ordered to charge its existing rates and charges in the approved extension areas.

Diversified Water Utilities

Staff recommends that the water CC&N of Diversified Water Utilities, Inc. be conditionally extended to include Parcels 2 and 24.

Staff further recommends that Diversified Water Utilities file in this docket, within two (2) years from the effective date of this Decision, documentation that indicates that developers have joined the Central Arizona Groundwater Replenishment District.

Staff further recommends that Diversified Water Utilities file in this docket, within two (2) years from the effective date of this Decision, copies of its Approval to Construct.

Staff further recommends Diversified Water Utilities file in this docket, within two (2) years from the effective date of this Decision, a copy of its franchise from Pinal County for the extension areas.

Staff further recommends that within two years from the effective date of this Decision, Diversified Water Utilities file a CC&N review with the Commission containing the following information: a) number of customers being served in the extension areas, b) amount of plant facilities installed to serve extension areas, c) number of gallons sold in the extension areas, d)

amount of revenue generated by the extension areas, e) master plan of extension areas showing all plant installed and customer locations and f) any other information Staff deems relevant. At the time of the CC&N review, Staff should have the discretion to perform a physical plant inspection. Should the Staff inspection indicate that no development has commenced at the two year review period or if the information as listed above has not been timely supplied, the conditional CC&N extension granted in this proceeding should become null and void without further order of the Commission, and future CC&N extensions into the areas deemed null and void would require a new CC&N extension filing. Staff should have 120 days from the two-year anniversary date of the Decision to file a report containing one of the following three recommendations:

1. Final approval of the CC&N for all areas requested in this proceeding;
2. Final approval of the CC&N for portions of areas requested in this proceeding with the cancellation of the remainder areas; or
3. Disapproval of the CC&N extension for all areas requested in this proceeding.

Staff further recommends that Diversified Water Utilities file in this docket to the Commission for the next two years, documentation from ADEQ indicating that it has been in full compliance with ADEQ for each year. This documentation must be submitted within 30 days of the anniversary date of this Decision each year.

Staff further recommends that the Commission's Decision covering the extension be considered null and void without further order from the Commission should Diversified Water Utilities fail to meet the above conditions within the time specified.

Staff further recommends that Diversified Water Utilities be ordered to charge its existing rates and charges in the approved extension areas.

Queen Creek Water Company

Staff recommends that Queen Creek Water Company's request to provide water service to Parcels 15, 16, 17, 18, 22 and part of Parcel 11 be denied.